

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MADRID

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E.O. 11652: NA

TAGS: APUB, SP

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO SPAIN

FOR YOUR INFORMATION ONLY, FOL IS FINAL TEXT OF EXPORT-IMP
RT

BANK RELEASE ON THE DIRECT CREDIT OF DOL38.5 MILLION TO
ENSIDESA OF MADRID. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASH,

DC AFTER 2:00 PM., THURSDAY, OCT 16, 1975

QTE: EXIMBANK CREDIT OF DOL38.5 MILLION SUPPORTS DOL 70
MILLION SALE OF US STEEL PLANT EQUIP TO SPANISH COMPANY

TO HELP FINANCE DOL70 MILLION IN SALES OF US GOODS AND SERVICES
FOR THE EXPANSION AND MODERNIZATION OF THE STEEL PLANTS OF EMPRESA
NACIONAL SIDERURGICA, S.A. (ENSIDESA) OF MADRID, THE BOARD OF
DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS
AUTHORIZED A DIRECT CREDIT OF DOL38.5
MILLION. THE VERINA AND AVILES PLANTS ARE LOCATED IN THE PROVINCE OF
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OVIEDO IN NORTHERN SPAIN ON THE BAY OF BISCAY. TOTAL

PROJECT COSTS ARE ESTIMATED AT SOME DOL414 MILLION.

EXIMBANK'S FINANCING WILL BE PRIMARILY FOR THE EXPANSION AND MODERNIZATION OF THE AVILES PLANT. PROBABLE MAJOR US SUPPLIERS ARE EXPECTED TO BE BLAW KNOX, KOPPERS, AND MESTA MACHINE COMPANY ALL OF PITTSBURGH, PENNSYLVANIA, AND AETNA-STANDARD ENGINEERING OF ELLWOOD CITY, PENNSYLVANIA. U.S. PURCHASES INCLUDE COMPONENTS FOR BLAST FURNACES, A THIRD VESSEL FOR THE BASIC OXYGEN FURNACE STEEL SHOP, REHEATING FURNACE, COILER, TEMPER MILL AND TINNING LINE.

ENSIDESA HAS PURCHASED STEEL MILL EQUIPMENT FROM U.S. SUPPLIERS FOR SOME 16 YEARS AND EXIMBANK HAS PROVIDED COMPETITIVE FINANCING TO FACILITATE THESE EXPORT TRANSACTIONS. EQUIPMENT TO BE PURCHASED IN THE CURRENT TRANSACTION WAS ALSO AVAILABLE FROM GERMANY, ENGLAND AND JAPAN.

THE EXIMBANK CREDIT REPRESENTS 55 PERCENT OF THE TOTAL U.S. COSTS. A CREDIT OF \$24.5 MILLION FROM PRIVATE SOURCES NOT YET DESIGNATED WILL

FINANCE 35 PERCENT OF THE U.S. COSTS AND ENSIDESA WILL MAKE CASH PAYMENT OF 10 PERCENT REPRESENTING THE BALANCE.

EXIMBANK'S INTEREST RATE OF 8 PERCENT PER ANNUM, COMBINED WITH THE INTEREST RATE FROM PRIVATE SOURCES AT CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF BETWEEN 8.75 PERCENT TO 9 PERCENT.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING NO LATER THAN JUNE 2, 1979, WITH EXIMBANK'S LOAN TO BE REPAID OUT OF A PORTION OF THE 8TH INSTALLMENT AND ALL OF INSTALLMENTS 9 THROUGH 20. REPAYMENT OF EXIMBANK'S CREDIT IS TO BE GUARANTEED BY INSTITUTO NACIONAL INDUSTRIA. UNQUOTE. KISSINGER

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